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INDIA: Rice Purchases To Affect World Prices

Despite a bumper harvest, India is expected to buy a near-record 725,000 tons of rice by June. [REDACTED] Rice stocks used to support India's vast public distribution system have declined sharply because of the drought last year and high domestic prices, which forced consumers to rely on subsidized rice supplies. India currently is trying to buy 200,000 tons of rice from Burma, [REDACTED]

Comment: New Delhi is more than doubling rice imports this year, partly to guarantee adequate supplies for politically sensitive states in southern India before elections are held later this year. Supplies are tight, and Indian purchases will tend to raise world prices. As a result, other customers for cheap rice, mainly buyers in Africa that already are trying to cope with drought conditions, are likely to be squeezed out of the market. If India experiences a poor monsoon this summer, its import requirements could rise further, placing an additional strain on record-low world stocks of export rice. [REDACTED]